

VZCZCXRO1081
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #0584/01 0760118
ZNR UUUUU ZZH
P 170118Z MAR 09
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 1530
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 5332
RUEHFK/AMCONSUL FUKUOKA 2992
RUEHOK/AMCONSUL OSAKA KOBE 6784
RUEHNAG/AMCONSUL NAGOYA 0757
RUEHKSO/AMCONSUL SAPPORO 3536
RUEHBJ/AMEMBASSY BEIJING 8284
RUEHUL/AMEMBASSY SEOUL 4309
RUCNDT/USMISSION USUN NEW YORK 4206

UNCLAS SECTION 01 OF 11 TOKYO 000584

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/17/09

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

North Korea problem:

- 4) Foreign Minister Nakasone confirms close cooperation between Japan and South Korea on North Korea missile and abduction issues (Sankei)
- 5) 90 PERCENT of the dangerous part of North Korea's missile launch range is in Japan's EEZ (Yomiuri)
- 6) Japanese government plans dialogue with India, Brazil, and South Africa on such issues as the environment, resource development, food production, UN reform (Nikkei)

Growing the economy:

- 7) Prime Minister Aso next month plans to order another budget bill following the G-20 summit, making Diet dissolution an even remoter possibility (Asahi)
- 8) Economic stimulus package to have funds to promote digitalization of TV (Yomiuri)
- 9) Meeting of experts on the economy to advise the government on policy options (Yomiuri)

Political agenda:

- 10) Aso on the attack mode criticizes Democratic Party of Japan President Ozawa again to 7th Fleet remark (Tokyo Shimbun)
- 11) Aso raises opposition's heckles by calling the Nishimatsu donations to the Ozawa camp as "clearly a legal violation" (Tokyo Shimbun)

- 12) DPJ is split over banning political contributions from companies receiving public-works contracts (Sankei)
- 13) Both LDP and DPJ skirt issue of Nishimatsu political donations during Diet debate (Yomiuri)
- 14) Diet dissolution, expected by summer, may be put off even further (Yomiuri)
- 15) China out of consideration for protests by U.S., Japan, Europe is putting off start of requirement of foreign firms to provide IT product information (Nikkei)

Articles:

1) TOP HEADLINES

Asahi and Mainichi:

Nippon Television president resigns over erroneous news program

Yomiuri:

Government, ruling coalition seek to include measures to promote digital broadcasting in additional economic package

Nikkei:

Ricoh, Toyota group firms to stop using temporary dispatch workers

Sankei:

Nation's forestry corporations 1.1794 trillion yen in debt

Tokyo Shimbun:

Financial crisis: Nobody understands subprime mortgage loans

TOKYO 00000584 002 OF 011

Akahata:

El Salvador elects leftist president

2) EDITORIALS

Asahi:

- (1) Resignation of NTV president: Accountability must be fulfilled
- (2) Wakata's ISS mission

Mainichi:

- (1) Manned technology must follow Wakata's journey
- (2) NTV chief resigns: Supportive news coverage essential

Yomiuri:

- (1) Compound crises must be overcome with additional economic measures
- (2) Japan's space program ready to take giant leap

Nikkei:

- (1) North Korea's launch of "satellite" must not be allowed
- (2) Wakata expected to demonstrate significance of manned space activities

Sankei:

- (1) China must stop interfering with U.S. research vessels
- (2) Wakata's extended stay on ISS

Tokyo Shimbun:

- (1) Wakata's long-term mission a foundation for future lunar probe
- (2) APEC gives up further reduction of oil production: Japan must accelerate efforts to introduce natural energy

Akahata:

- (1) Annual labor-management wage negotiations in final stage: Wage raise and job security needed

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 16

NIKKEI (Page 2) (Full)
March 17, 2009

08:03

Took a walk around the official residence.

10:29

Met at Kantei with Deputy Chief Cabinet Secretaries Matsumoto and Konoike.

13:00

Attended Upper House Budget Committee session.

17:07

Attended LDP executive meeting. Election Strategy Council Chairman Koga remained. Met afterwards with Shimamura, LDP special advisor to the prime minister.

18:01

Attended a meeting of monthly economic report-connected cabinet ministers.

TOKYO 00000584 003 OF 011

19:05

Attended a meeting of experts to overcome economic crisis.

20:48

Returned to the official residence.

4) Japan, S. Korea confirm strengthening of cooperation on N. Korean missile, abduction issues

SANKEI (Page 5) (Full)
March 17, 2009

Foreign Minister Hirofumi Nakasone yesterday received a courtesy visit of Wi Sung Lac, South Korea's chief delegate to the six-party talks, who is in charge of peace talks at the South Korean Ministry of Foreign Affairs and Trade. In their meeting, Nakasone and Wi consulted on North Korea's nuclear development and also discussed that country's ongoing preparations for launching a missile as well as the issue of Japanese nationals abducted to that country.

Nakasone expressed his gratitude to Wi for the recent meeting of the family of Yaeko Taguchi, who was abducted to North Korea when she was 22, and Kim Hyon Hui, a former North Korean spy. Nakasone and Wi agreed to step up bilateral cooperation over North Korea's readiness to launch an advanced type of the Taepodong 2, a long-range ballistic missile, as well as abduction and other issues. Wi also met with Foreign Ministry Asian and Oceanian Affairs Bureau Director General Akitaka Saiki, who is Japan's chief delegate to the six-party talks. The two chief delegates shared the view that North Korea's missile launch would constitute a violation of a United Nations Security Council resolution.

5) 90 PERCENT of North Korea-designated danger zone off Akita overlaps Japan's EEZ

YOMIURI (Page 2) (Full)
March 17, 2009

North Korea has now designated a sea area off Akita Prefecture as a danger zone, as it prepares for launching an "artificial satellite." In this regard, the Japan Coast Guard has confirmed that about 90 PERCENT of the designated danger zone overlaps with Japan's exclusive economic zone (EEZ).

The Foreign Ministry Ocean Division says there are no legal problems. However, Takushoku University Professor Kimito Abo, who is familiar with the Law of the Sea, noted: "North Korea must give 'due consideration' to Japan in accordance with Article 58, paragraph 3 of the United Nations Convention on the Law of the Sea. The government should do whatever it can." This is because the danger zone overlaps with Japan's fishing grounds and commercial sea routes and violates Japan's rights. A government source also said, "They have designated a danger zone in another country's EEZ waters on their own; I've never heard of anything like this."

The danger zone is where debris like a rocket's parts may fall.

North Korea has designated a sea area (250 kilometers from east to west and 20 kilometers from north to south) situated about 130 kilometers off the coastline of Akita Prefecture and also designated another sea area in the Pacific Ocean, which are both outside Japan's territorial waters. The North has announced that that it would launch a "satellite" between April 4 and 8.

TOKYO 00000584 004 OF 011

6) Government to set up forum for policy dialogue with India, Brazil, South Africa, aiming to pave way for stable resources procurement

NIKKEI (Page 2) (Full)
March 17, 2009

The government will set up a forum for vice-minister-level policy talks with India, Brazil and South Africa, in an attempt to cooperate with these leading emerging countries in dealing with a variety of issues, such as UN reform, terrorism, and the financial crisis. The three countries are rich in crude oil and rare metals. Given this, the government also aims at ensuring stable procurement of resources and expanding trade by strengthening its ties with them.

The government has started coordination with the three countries to establish the forum and hold its first meeting this summer. Deputy Foreign Minister Kenichiro Sasae and others are expected to represent Japan. Themes to be discussed there are likely to include (1) the environment and climate change; (2) UN Security Council reform; and (3) food issues.

India, Brazil, and South Africa have promoted diplomatic cooperation in a bid to increase their influence in the international community, based on their recent remarkable economic growth. They have already created a forum for policy talks among them. They have held four rounds of ministerial meetings and three rounds of summits since 2004. Their cooperative relations have been taking root.

By deepening policy dialogue with these three countries, Japan hopes to increase procurement sources for resources, as well as to expand business opportunities for Japanese firms. Japan also intends to ask these countries to support Japan's bid for UNSC permanent status.

Meanwhile, the three countries have wariness over industrialized countries taking the lead in pushing ahead with negotiations on such issues as global warming and trade liberalization. Some analysts take the view that the three countries are aiming to have the industrialized countries understand emerging countries' position by taking in Japan in their policy talks.

7) Prime Minister Aso to order extra budget in April after G-20 summit

ASAHI (Page 1) (Excerpts)
March 17, 2009

Prime Minister Taro Aso has decided to order after he returns from the Group of 20 financial summit in London on April 2 the government and ruling coalition to compile a supplementary budget for fiscal 2009 as an additional economic stimulus package. The outlook is that a bill on the extra budget will be submitted to the Diet in late April or after. If priority is given to implementation of the additional economic stimulus package, to which Aso attaches priority, it will be difficult for the prime minister to dissolve the House of Representatives before the extra budget bill clears the Diet.

Giving consideration to deliberations on the fiscal 2009 budget in the House of Councillors, Aso has not officially mentioned anything

TOKYO 00000584 005 OF 011

about the extra budget for next fiscal year, which will start on April 1. However, the ruling Liberal Democratic Party (LDP) and its

junior coalition partner, New Komeito have already begun a study of a plan to craft an additional economic package with an eye on the extra budget.

On the occasion of a meeting of the G-20 finance ministers and central bank governors, Finance Minister Kaoru Yosano promised to U.S. Secretary of the Treasury Timothy Geithner an economic stimulus package, on which Japan will spend two percent of the domestic gross product (GDP). Tokyo and Washington are expected to reach an agreement in the G-20 financial summit in April on the need for more public spending on economic pump-priming measures. The execution of the extra budget will likely become an international commitment.

8) Government eyes plan to include digital TV transition measures in extra economic package

YOMIURI (Top Play) (Full)
March 17, 2009

The government and the ruling coalition have started looking into a plan to include comprehensive measures to facilitate the transition to terrestrial digital TV broadcasting in their additional economic stimulus package. The government aims to complete the shift from analog broadcasting to digital by July 2011. Chief Cabinet Secretary Kawamura announced yesterday the government's plan to study installing digital TV sets at all public facilities, such as schools. The New Komeito also revealed a 1-trillion-yen plan to buy old analog TVs for 20,000 yen each. Given the nation's worsening economic situation, the rate of households equipped with terrestrial digital TVs stood at about 49 PERCENT as of January. Calls are growing for drastic measures to be taken to facilitate the shift to digital TV broadcasting with government funds.

Under the plan proposed by the New Komeito, the government would designate retail shops to pay 20,000 yen to customers who purchase new sets capable of receiving digital broadcasting for their old analog TV sets. Recycling fees would also be covered by the government.

The government and the ruling parties plan to include in a fiscal 2009 supplementary budget approximately 480 billion yen to take 20 million analog TV sets by March 2010. With this measure, the government aims to promote the digital TV transition by boosting the switch during fiscal 2009. It also aims to reduce inventory of electronics makers, which have been hit by the ongoing recession.

The government expects about 1 trillion yen will be necessary to implement measures to install digital TVs at public facilities, help facilities in urban areas with poor reception conditions to switch to cable broadcasting, and provide financial support for repairing old housing complexes to be able to receive digital broadcasting

The government has already decided to provide terrestrial digital tuners free of charge to about 2.6 million households that have been exempted from paying NHK viewing fees. This is part of measures for those who are hard up financially.

The measure to buy analog TV sets, intended for general households, is expected to encourage people to switch to digital TVs. But this measure contains some problems, such as inequality between those who

TOKYO 00000584 006 OF 011

already purchased digital TVs and those who will buy sets from now, and the question of how to secure financial resources to fund the measure. Some government officials remain cautious about the plan. The government may find it difficult to push ahead with the plan.

9) Expert panel launched to contain financial crisis

YOMIURI (Page 1) (Full)
March 17, 2009

The government held the first meeting of an expert panel at the Prime Minister's Office last night to explore ideas to overcome the ongoing economic crisis from experts in various areas. Views presented in the meetings to be held for five days through the 21st

will be reflected in an additional economic stimulus package now under discussion by the government and the ruling parties.

Prime Minister Aso said at the outset of the meeting: "We would like to listen to views of various persons, not just those of politicians and bureaucrats, and to have them reflected in our policies."

In the first meeting, eight experts, including Richard Koo, chief economist at Nomura Research Institute and a brain trust advisor about economic issues, expressed their views. Motoshige Ito, professor at the University of Tokyo, called for a time-limited measure to reduce or exempt from the gift tax.

A total of 10 rounds of theme- and sector-selective discussions in such areas as employment, social security, and finances, will be held March 17-18 and March 20-21, joined by 83 experts. The government intends to listen to opinions about long-term growth tactics, in addition to economic stimulus measures that are expected to take effect immediately.

10) Prime minister hits troubled Ozawa on security issue

TOKYO SHIMBUN (Page 2) (Full)
March 17, 2009

Prime Minister Aso is strengthening his criticism of Democratic Party of Japan (DPJ) President Ozawa's remark that the U.S. Navy's 7th Fleet would be enough for the U.S. military presence in Japan. His aim is to give the impression that the DPJ lacks the ability to run the government, by striking the vulnerability of the DPJ that is having difficulty coordinating views over security policy.

The prime minister sees Ozawa's controversial remark as the best opportunity to attack the DPJ. The DPJ is now suffering from a setback over huge amounts of donations it received from Nishimatsu Construction Co. However, if the Liberal Democratic Party (LDP), which also has a similar problem, messes with a politics-and-money scandal, it could fall victim to it. He calculates that in that sense, it is easier to clarify a dichotomy between the two parties, using security issues.

Referring to campaign issues for the upcoming Lower House election, the prime minister during an NHK TV interview on March 15 underscored: "Security is very important. The matter is quite different from saying the 7th Fleet alone would be enough." In a speech given on the 14th in Kure City, Hiroshima Prefecture, he fervently said: "If we say we do not need the presence of U.S. forces in Japan with the exception of the 7th Fleet, we will need to

TOKYO 00000584 007 OF 011

have a resolve and preparedness to make up for the absence of the U.S. forces on our own. It would be irresponsible to make such a remark, unless we are prepared to shoulder all the costs needed for such."

The ruling parties are also hinting at a plan to summon Ozawa as an unsworn witness. Deliberations on anti-piracy legislation and a new agreement on the transfer of U.S. Marines stationed in Okinawa to Guam will start in a timely manner for the ruling coalition. Aides close to the prime minister are hoping that the DPJ's lack of unity will be highlighted.

11) Donations by Nishimatsu Construction "clearly illegal," says prime minister: SDP criticizes remark

TOKYO SHIMBUN (Page 2) (Full)
March 17, 2009

Referring to the arrest of Democratic Party of Japan (DPJ) President Ozawa's state-funded secretary over huge amounts of donations made by Nishimatsu Construction Co., Prime Minister Taro Aso at a meeting of the Upper House Budget Committee on March 16 said, "Since the donations were clearly illegal, Mr. Ozawa's secretary was arrested." He then underscored, "In my view, we should think that the existing law worked properly."

Aso was replying to a question asked by Social Democratic Party President Mizuho Fukushima. Fukushima criticized the prime minister's reply, "It is only natural to assume that he could be presumed to be innocent (before the court ruling is determined)."

12) DPJ's Ozawa cautious about prohibiting donations from contractors receiving public works orders

SANKEI (Page 5) (Excerpts)
March 17, 2009

With Democratic Party of Japan (DPJ) President Ichiro Ozawa's political fund management organization having received donations allegedly violating the Political Funds Control Law, the DPJ will start on March 19 a discussion on a review of the Political Funds Control Law in its political reform promotion taskforce. The main point is that whether the party should completely ban political donations from contractors receiving public works orders. However, since Ozawa has taken a cautious stance, it is difficult to foresee how the matter will be resolved. The ruling parties, meanwhile, intend to assume a wait-and-see attitude over whether Ozawa's arrested first state-funded secretary will be indicted.

The policy of prohibiting political donations from contractors receiving public works orders was included in the DPJ's manifesto (set of campaign pledges) for the Lower House elections in 2003 and 2007 under then DPJ President Naoto Kan and DPJ President Katsuya Okada. The policy was deleted from the DPJ's manifesto for the 2007 Upper House election, which was held under Ozawa, whose stock argument is that corporate donations are desirable rather than personal donations.

In a press conference on March 10, Ozawa took a negative stance, saying: "Actually, they (contractors) receive orders from the central and local governments. Donations will be discontinued in effect."

TOKYO 00000584 008 OF 011

Okada, chair of the political reform promotion taskforce, expressed his understanding to a certain extent for Ozawa's assertion in his meeting with reporters on March 13 in Tokyo. He, however, stated: "I would like to hold debate, aiming at reaching an agreement that can be accepted by the ruling camp." He indicated that the DPJ would like to submit to the current Diet session a bill revising the Political Funds Control Law. Referring in the DPJ Kanagawa chapter's convention on the 14th to this issue, Kan emphasized: "We must seriously discuss the issue again. Depending on the situation, we need to deal with it at the Diet."

13) LDP, DPJ reluctant to hold Diet debate on Nishimatsu donation issue

YOMIURI (Page 4) (Full)
March 17, 2009

The illegal donation scandal involving the second-tire general contractor Nishimatsu Construction Co. was not taken up as a main issue for debate in a House of Councillors Budget Committee session yesterday. The reason is that the ruling Liberal Democratic Party (LDP) and the main opposition Democratic Party of Japan (DPJ) are growing very timid, since the scandal has now spread to both parties. Therefore, debate on a plan to amend the Political Funds Control Law has yet to get started.

Although yesterday's Upper House Budget Committee session supposed to hold concentrated deliberations on the issues of administrative reforms, amakudari (golden parachute system) and postal privatization, the panel took up wide-ranging issues, including economic stimulus measures. Since the session with the attendance of Prime Minister Taro Aso was broadcasted by NHK, the illicit donation scandal should have been pursued there.

However, the DPJ just brought up Deputy Chief Cabinet Secretary Iwao Uruma's comment on the outlook of the investigation into President Ichiro Ozawa's political fund management organization for allegedly

violating the Political Funds Control Law. Policy Research Committee Deputy Chairman Tetsuro Fukuyama grilled Uruma on his comment, noting: "I don't think you made the remarks as a general perception." He, however, did not pose any questions to Economy, Trade and Industry Minister Toshiro Nikai, who is believed to have received illegal donations from Nishimatsu, even about whether he illegally received donations or not. This is because the DPJ is alarmed, with a senior Upper House member saying: "If our party pursues Nikai, it would open up trouble for us, due to the Ozawa issue."

The ruling camp, too, did not raise any questions yesterday about the illegal donation scandal. The ruling coalition has refrained from referring to the Ozawa issue since it rebutted on March 9 in an Upper House Budget Committee session to the DPJ's criticism that the investigations were motivated politically. The ruling camp appears to have judged that it would be better for it not to irritate the DPJ, in order to continue the trend of smooth deliberations on the budget.

Meanwhile, Social Democratic Party Chairperson Mizuho Fukushima, in yesterday's Upper House committee session, stressed that donations from companies receiving orders of public works projects should be banned. Aso, however, avoided the question in this way: "I don't

TOKYO 00000584 009 OF 011

think donations from corporations and organizations are necessarily wrong." Although the Japanese Communist Party was also enthusiastic about pursuing the Nishimatsu scandal, the two small opposition parties' pursuit lacked punch, since little time was provided them.

14) Lower House dissolution might not occur until summer; Prime minister places top priority on additional economic package

YOMIURI (Page 4) (Excerpts)
March 17, 2009

The view is spreading in the ruling camp that Lower House dissolution will not take place for a general election until summer or later. The reason is because Prime Minister Taro Aso, placing top priority on the implementation of additional economic stimulus measures, expressed a cautious view about dissolving the house before the enactment of a fiscal 2009 supplementary budget bill. Given the country's serious economic woes, leaving the matter to Prime Minister Aso until the enactment of the envisaged extra budget is becoming the common view of the pro- and anti-Aso groups. But views are split about who should become the prime minister to dissolve the Lower House after that.

Asked by a reporter last night about the timing to dissolve the Lower House, Prime Minister Aso simply replied: "Policies take precedence over the political situation, and I will decide on the timing for that." During an NHK television program on March 15, the prime minister had expressed a dismissive view about dissolving the lower house before the enactment of the supplementary budget. He said: "There has been a talk about fiscal disbursements equivalent to 2 PERCENT of GDP, so we must deal with the matter properly. We don't want to make an empty promise."

A prime ministerial aide has recently expressed a desire to submit a supplementary budget bill immediately after the Golden Week holiday period in May. If the budget meets with opposition from the Democratic Party of Japan (DPJ), its enactment might slip to June or later. Initially, views were strong in the Liberal Democratic Party (LDP) to dissolve the house either in April or May. But now that the prime minister has clearly mentioned the implementation of the extra budget, the prevailing view in the party is that chances are slim for dissolution before the bill's enactment.

A meeting was held last night by secretaries general of LDP factions, including Nariaki Nakayama and Hajime Funada. The members shared in the meeting the view that in view of the economic situation, a political vacuum must not be created as a result of Lower House dissolution and that the dissolution would not take place for some time.

Anti-piracy legislation, which the prime minister wants to enact during the current session of the Diet, is also likely to have an impact on the timing for the dissolution. During the NHK program, the prime minister said: "Vessels from many countries around the world have been escorting ships. Japan, too, must fulfill its responsibility. We should deal with the matter after obtaining Diet approval."

The DPJ is split over the anti-piracy legislation designed to expand the scope of ships subject to protection and the authority to use weapons in order to strengthen measures against piracy in waters off Somalia. To ensure the legislation's enactment, the government and

TOKYO 00000584 010 OF 011

the ruling bloc must secure 60 days after the Lower House's approval, just in case the House of Councillors does not put the legislation to a vote. This means the government might consider a substantial extension of the current Diet session, which is due to close on June 3. A prime ministerial aide even mentioned a Diet extension until July.

The prime minister seemingly intends to dissolve the Lower House after making a clear distinction with the DPJ regarding additional economic measures and security policy. The ruling bloc is tilted toward implementing additional economic measures under Prime Minister Aso. A former cabinet minister keeping his distance from the prime minister showed a wait-and-see attitude, saying, "There is no need to make moves until the extra budget clears the Diet."

15) IT product information: China postpones introduction of compulsory disclosure system, giving consideration to opposition from Japan, U.S. and European countries

NIKKEI (Page 1) (Full)
March 17, 2009

Shunsuke Tabeta, Beijing

The Chinese government on March 16 revealed that it would postpone the introduction of a compulsory certification system targeting information technology security products, such as anti-computer virus products, set for May. The governments and companies of Japan, the U.S. and European countries have been opposing the introduction of such a system as infringing on their intellectual property rights. Beijing was apparently forced to review the plan.

China in January 2008 formally announced that it would add 13 items, such as firewall, to the China Compulsory Certification (CCC) System, its own safety standards, citing ensuring information security as justification. It had set the implementation timetable for May 2009. Products covered by the system cannot be sold in China without certification. The system targets not only domestic products but also imported goods.

The Certification and Accreditation Administration of the People's Republic of China (CNCA), which has the system under its jurisdiction, on the 16th told Nihon Keizai Shimbun that it had decided to put off for the time being the application of the system to IT security products. It steered clear of revealing the exact length of postponement. As a reason for the postponement, the CNCA cited the need to improve details of regulations, based on domestic and overseas views.

The 13 items include the operating system (OS) for IC chips and products to block unwanted junk mails. Since there is a possibility of China requiring the exposure of the source code in granting certification, Japanese, U.S. and European companies have been opposing the system, citing that there is concern about information leak.

According to a research company under the umbrella of China's the Industry and Information Technology Ministry, the size of the nation's IT security product market, which is continuing double-digit growth, has reached approximately 8 billion yuan or roughly 120 billion yen.

TOKYO 00000584 011 OF 011

ZUMWALT